

House File 329 - Introduced

HOUSE FILE 329

BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 85)

A BILL FOR

- 1 An Act relating to equipment dealership agreements by providing
- 2 for supplier liability.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 322F.7, unnumbered paragraph 1, Code
2 2011, is amended to read as follows:

3 ~~A supplier violates~~ A violation of this chapter if the
4 includes but is not limited to a supplier does doing any of the
5 following:

6 Sec. 2. Section 322F.8, subsection 1, paragraph a,
7 subparagraph (1), Code 2011, is amended to read as follows:

8 (1) A dealer may bring a legal action against a supplier
9 for damages sustained by the dealer as a consequence of
10 the supplier's violation of any provision of this chapter,
11 including but not limited to a violation described in section
12 322F.7. A supplier violating this chapter shall compensate the
13 dealer for damages sustained by the dealer as a consequence of
14 the supplier's violation, together with the actual costs of the
15 action, including reasonable attorney fees.

16 Sec. 3. Section 322F.8, subsection 2, Code 2011, is amended
17 to read as follows:

18 2. a. If the payment or allowance of equipment repurchased
19 pursuant to section 322F.3 is not made as required, or the
20 supplier is found liable for damages pursuant to subsection
21 1, paragraph "a", subparagraph (1), the amount due bears to
22 the dealer shall bear interest at the rate of one and one-half
23 percent per month calculated from the date that the dealership
24 agreement was terminated.

25 b. ~~If upon~~ Upon termination of a dealership agreement
26 by nonrenewal or cancellation, by a dealer or supplier, if
27 the supplier fails to make payment or credit the account of
28 the dealer as provided in any provision of this chapter,
29 the supplier is liable in a civil action brought by the
30 dealer for the repurchase amount set forth in section 322F.3,
31 plus interest as calculated pursuant to paragraph "a". The
32 supplier's civil liability as provided in this paragraph shall
33 be in addition to and not in lieu of any remedy provided by
34 subsection 1, paragraph "a", subparagraph (1).

35 EXPLANATION

1 This bill addresses supplier-dealership agreements under
2 Code chapter 322F, involving franchises for agricultural
3 equipment; all-terrain vehicles; and construction, industrial,
4 or utility equipment. Generally the Code chapter regulates
5 business relationships between dealerships and suppliers
6 by providing for the terms and conditions of dealership
7 agreements. Code section 322F.7 includes a list of supplier
8 violations and Code section 322F.8 provides a list of causes
9 for a supplier's liability, including for damages sustained
10 by a dealer as a consequence of a supplier's violation of
11 the Code chapter. Code section 322F.3 provides that if a
12 supplier terminates a dealership agreement, the supplier must
13 repurchase the dealer's equipment and parts inventory. The
14 bill expressly provides that if a supplier is found liable for
15 damages resulting from a violation of the Code chapter, the
16 amount due the supplier bears interest at the same rate as for
17 the failure to repurchase equipment. It also provides that a
18 supplier's civil liability is in addition to the repurchase
19 amount required to be paid to the dealer.